

Wednesday 9 January 2019 – Afternoon

Level 3 Cambridge Technical in Business

05834/05835/05836/05837/05878

Unit 1: The business environment

Duration: 2 hours

Plus your additional time allowance

Modified Enlarged 18 pt

You must have:

a clean copy of the pre-release (Insert)

**a clean copy of the resource booklet for
Section C**

You may use:

a calculator

First Name

Last Name

**Centre
Number**

**Candidate
Number**

**Date of
Birth**

D

D

M

M

Y

Y

Y

Y

INSTRUCTIONS

Use black ink.

Complete the boxes on the front page with your name, centre number, candidate number and date of birth.

Answer ALL the questions.

Write your answer to each question in the space provided.

Additional paper may be used if necessary but you must clearly show your candidate number, centre number and question number(s).

The pre-release research brief is required for Section C only.

INFORMATION

The total mark for this paper is 90.

The marks for each question are shown in brackets [].

SECTION A

Answer ALL the questions. Put a tick (✓) in the box next to the ONE correct answer for each question.

1 Which of the following is an example of a tertiary sector business? [1]

(a) A car manufacturer

☐

(b) A dairy farm

☐

(c) A fishing fleet

☐

(d) A pet shop

☐

2 Which of the following sources of finance is NOT available to a partnership? [1]

(a) Bank loan

☐

(b) Credit card

☐

(c) Share issue

☐

(d) Trade credit

☐

3 Which of the following is shown on a company's organisation chart? [1]

(a) The aims of the business

☐

(b) The chief executive's attitude to risk

☐

(c) The salaries of employees

☐

(d) The status level of different job roles

☐

4 A private limited company:

(a) cannot use crowd-funding

☐

(b) does not pay tax

☐

(c) is owned by shareholders

☐

(d) sells its shares on the stock exchange

☐

[1]

5 Which of the following would increase a firm's break-even point? [1]

(a) Giving employees a pay rise

☐

(b) Increasing selling prices

☐

(c) Paying a lower rent

☐

(d) Using a cheaper supplier

☐

6 The liability of a sole trader is:

(a) centralised

☐

(b) decentralised

☐

(c) limited

☐

(d) unlimited

☐ **[1]**

7 A mortgage is:

(a) a long-term source of finance

☐

(b) a risk-free form of borrowing

☐

(c) a short-term loan

☐

(d) an internal source of funds

☐ **[1]**

8 Which of the following is a key feature of a public sector organisation? [1]

(a) It does not have financial objectives

☐

(b) It is funded by taxation

☐

(c) It must share profits between the owners

☐

(d) It operates as a charity

☐

9 A customer service assistant who works for a theme park is MOST likely to:

(a) deal with visitor enquiries

☐

(b) make staff redundant at the end of the season

☐

(c) order stock for the gift shop

☐

(d) update the technology which controls the rides

☐

[1]

10 Bardicot Ltd's cash flow statement for the last three months of trading is shown below.

	October	November	December
Cash inflows	£40000	£45000	£50000
Cash outflows	£36000	£38000	£42000
Net cash flow	£4000	£7000	£8000
Opening balance	(£10000)	(£6000)	£1000
Closing balance	(£6000)	£1000	£9000

Which one of the following statements is true? [1]

- (a) Net cash flow has worsened dramatically over the last three months ☐
- (b) Sales revenue has fallen over the last three months of trading ☐
- (c) The closing balance in December was higher than the opening balance in October ☐
- (d) The company's bank balance was overdrawn in November and December ☐

11 The legal form of ownership of a business trading as 'Tritian plc' is:

(a) a not-for-profit organisation

☐

(b) a partnership

☐

(c) a private limited company

☐

(d) a public limited company

☐

[1]

12 An online seller is conducting a SWOT analysis. The online seller identifies that he has far less business experience than his competitors.

In the SWOT analysis this would be recorded as a business:

(a) strength

☐

(b) weakness

☐

(c) opportunity

☐

(d) threat

☐

[1]

13 Which of the following is a financial factor that could affect the success of a sports shop? [1]

(a) Breaching the Consumer Rights Act

☐

(b) Charging high prices

☐

(c) Specialising in golf and football equipment

☐

(d) Using the latest stock control technology

☐

14 Which of the following documents would include a competitor analysis? [1]

(a) A business plan

☐

(b) A cash flow forecast

☐

(c) An income statement

☐

(d) An organisation chart

☐

15 In a LARGE COMPANY the research and development function is MOST likely to work with the operations management function to:

- (a) develop new manufacturing processes** ☐
- (b) provide administrative support** ☐
- (c) recruit production operatives** ☐
- (d) source cheaper raw materials** ☐ **[1]**

16 Which one of the following is the MOST likely consequence to a business of not listening to its trade unions? [1]

- (a) Customers stop buying from the business** ☐
- (b) Environmental pressure groups start protesting** ☐
- (c) Local residents complain** ☐
- (d) Workers go on strike** ☐

17 One way a large organisation could act ethically is by:

(a) complying with the Equality Act

☐

(b) increasing its margin of safety

☐

(c) paying the minimum wage

☐

(d) providing humanitarian aid

☐

[1]

**18 Which of the following would be classified as internal stakeholders of a public limited company?
[1]**

(a) Local government officers

☐

(b) Shareholders

☐

(c) Suppliers

☐

(d) The board of directors

☐

19 Revenue is:

- (a) the amount of tax paid to central government ☐
- (b) the balance of funds held in a firm's bank account ☐
- (c) the cash left over after all expenses have been paid ☐
- (d) the income received from selling goods or services ☐ [1]

20 Which of the following is an example of a concentration risk? [1]

- (a) Employing too many staff ☐
- (b) Giving insufficient thought to business planning ☐
- (c) Relying on a single supplier ☐
- (d) Selling to a large number of customers ☐

SECTION B

Answer ALL the questions in this Section.

All of the questions in this Section should be answered in relation to businesses you have researched. A clean copy of the research brief is provided.

21 Identify TWO social factors that have affected a business you have researched.

Name of business _____

Activity of business _____

1 _____

2 _____

[2]

22 Describe TWO tasks performed by the finance function in a business that you have researched.

Name of business _____

Activity of business _____

1 _____

2 _____

[4]

23 Identify TWO external stakeholder groups that have attempted to alter the behaviour of a business you have researched. In each case, state the method used by the stakeholder group to try and alter the behaviour of the business.

Name of business _____

Activity of business _____

External stakeholder group 1 _____

Method used _____

External stakeholder group 2 _____

Method used _____

[4]

24 Analyse ONE advantage and ONE disadvantage to a business that you have researched of being organised by function.

Name of business _____

Activity of business _____

Advantage _____

Disadvantage _____

25 Explain how a business that you have researched is affected by changes in exchange rates.

Name of business _____

Activity of business _____

[4]

SECTION C

Read the Scenario in the Resource Booklet.

All of the questions in Section C should be answered in relation to the business scenario in the Resource Booklet.

26 Businesses can be categorised into the following three sectors of operation:

private sector

public sector

third sector.

Identify “Playwright’s” sector of operation.

_____ **[1]**

27 Identify TWO benefits to “Playwright” of operating as a community interest company (CIC).

1 _____

2 _____

[2]

28 Explain how “Playwright’s” flat organisational structure may affect its communication paths.

_____ **[2]**

29 Using the information in Fig. 1 and any other relevant information, assess the extent to which “Playwright’s” current financial position is a cause for concern. [12]

[illegible]

30 The estimated costs and revenues for “Playwright’s” next show are:

total fixed costs: £150

variable costs: £0

ticket price: £4 each.

(a) Calculate the number of tickets “Playwright” needs to sell for this show to break even.

[2]

(b) Calculate the profit “Playwright” will make if 60 tickets are sold.

[1]

(c) Identify TWO marketing activities that could support ticket sales for the show.

1

2

[2]

31 (a) Identify TWO ways “Playwright” could comply with the Health and Safety at Work Act.

1

2

[2]

(b) Evaluate possible implications for “Playwright” if it failed to comply with the Health and Safety at Work Act. [12]

This image shows a single sheet of white paper with horizontal blue ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface. The overall appearance is that of a clean, unused piece of stationery or notebook paper.

32 Fabia listens carefully to the needs of “Playwright’s” stakeholders.

(a) Explain ONE benefit to “Playwright” of meeting the needs of its stakeholders.

[2]

(b) “Playwright’s” young people have told Fabia that they would like the organisation to improve the way it uses the world’s resources.

Recommend to Fabia how “Playwright” can be run in an environmentally friendly manner. Justify your recommendations. [12]

[illegible]



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